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Joint Inspection Unit

Report of the Joint Inspection Unit on the United Nations Office for Project Services

Note by the Secretary-General

Addendum

The Secretary-General has the honour to transmit for the consideration of the members of the General Assembly his comments as well as those of the Administrative Committee on Coordination on the report of the Joint Inspection Unit entitled "United Nations Office for Project Services: broader engagement with United Nations system organizations" (A/53/788).



**Comments of the Secretary-General
and the Administrative Committee
on Coordination on the report of the
Joint Inspection Unit entitled:
“United Nations Office for Project
Services: Broader Engagement with
United Nations System
Organizations”**

I. Introduction

1. The purpose of the report prepared by the Joint Inspection Unit is to seek to promote more effective cooperation and partnerships between the United Nations Office for Project Services (UNOPS) and the United Nations system organizations and to provide high quality, timely and cost-effective development services for the successful implementation of projects for the benefit of programme countries. The report presents an overview of the development of UNOPS from its early beginnings as an operational division of the United Nations Development Programme (UNDP) to its current status as a separate entity. It underscores its achievements and advocates a sharper and more distinctive division of labour between UNOPS and other United Nations system organizations based on their respective comparative advantages.

2. The report focuses on issues of governance and management of UNOPS, its evolving structure and functioning and its uniqueness as a provider of high quality, timely and cost-effective development services without any substantive mandate in any sector and as a self-financing and businesslike entity. The inspectors have made a number of recommendations aimed at enhancing the effectiveness of UNOPS, increasing and diversifying its client base and its sources of income as well as its sources of procurement, and on measures for improving cooperation between UNOPS and the United Nations system partners through more effective division of labour.

3. The United Nations Office for Project Services has operated as a separate, identifiable and self-financing United Nations entity since January 1995 but has remained in partnership with UNDP¹ and other operational entities. Administrative support for UNOPS, including financial and personnel matters, is provided by UNDP headquarters and its field network. Although the diversification of the clientele of UNOPS has recently increased, mainly among Secretariat entities, partnerships with the specialized

agencies have remained limited. On this point the report makes the argument that increased partnerships with the specialized agencies would offer an important opportunity for making a more effective use of the services of UNOPS within the United Nations system.

4. The report of the Joint Inspection Unit benefited from the views expressed by officials from UNOPS and a number of United Nations system organizations, as well as by representatives of Member States, during the inspectors' consultations.

5. The present comments draw on the views of the management of UNOPS, as well as of its Management Coordination Committee, relevant departments and offices of the Secretariat and concerned United Nations system organizations and have been reviewed and approved on behalf of the Administrative Committee on Coordination.

II. General comments

6. The thrust of the report of the Joint Inspection Unit, which stresses ways and means of enhancing the mutual collaboration between UNOPS and United Nations system organizations and engaging more broadly with other United Nations system organizations as a service provider, is generally welcome. Its issuance takes place at a time when the United Nations system is engaged in a sustained effort of reform and renewal. The report and the recommendations contained therein should be reviewed against this background.

7. The underlying objective of the report, to contribute to the most effective allocation of responsibilities among United Nations organizations in the provision of high quality, timely and cost-effective development services for the benefit of programme countries, is fully shared by the Administrative Committee on Coordination.

8. The Secretary-General's reform initiative, which led to the present status of UNOPS, was shaped by policy concerns raised at that time within the framework of the Administrative Committee on Coordination. Thus, one of the major challenges that UNOPS has faced since its establishment as a provider of development project services open to all organizations and entities of the United Nations system has been the building of an effective and appropriate division of labour with other United Nations organizations and agencies engaged in technical cooperation.

9. Over the past four years UNOPS has devoted considerable effort to, on the one hand, making its services available to a wider range of United Nations system clients

and, on the other, to finding ways of making better use of the substantive expertise available in other organizations. While some progress has been made, room for further improvements on both fronts remains. The report of the Joint Inspection Unit has made a useful contribution to the ongoing dialogue on how to advance in these two areas.

10. While fully concurring with the general thesis advanced in the report that strengthened partnerships between UNOPS and the United Nations entities and specialized agencies engaged in technical cooperation can serve to enhance the overall support provided by the United Nations system to countries requiring development and other services from the system, the Administrative Committee on Coordination wishes to stress that such partnerships, to have the desired effect, should proceed from a clear conception of respective mandates and of comparative strengths. Since it focuses on UNOPS and its relationship with the other organizations of the system, the report is naturally more explicit in relation to the contribution of the former than with regard to the role of the latter. The members of the Administrative Committee on Coordination wish to emphasize in this connection the dual role of the specialized agencies as centres of excellence and as implementing agencies in their respective areas of competence. Both aspects of this role should be brought to bear in the evolving partnerships with UNOPS. It is inherent to a "partnership" approach that each party should proceed with full respect for the mandate and competence of the other while drawing on each other's strengths. This approach should guide decisions on the designation of executing agencies and the acceptance of responsibility for the management of projects, as well as guide modalities of collaboration at different phases of project execution. This approach is, of course, without prejudice to the prerogative of Member States, inherent in the concept of "service" on which the UNOPS mandate is based, to freely select, among the different options available to them, a service provider from which they consider they can obtain performance and value that meets their expectations.

11. Overall, the report, while not providing an exhaustive review of issues relating to UNOPS and its relationships with the organizations of the system, establishes a good basis for further enhancing the effectiveness of UNOPS and advancing the ongoing dialogue with the United Nations system on the most effective ways of bringing the different but complementary strengths represented by the various organizations of the system to bear on development cooperation and the provision of services to Member States. The report is thus a valuable contribution that can further the reform efforts of the United Nations system.

III. Comments on the recommendations

A. Recommendations addressed to the United Nations Office for Project Services

1. Taking advantage of its role as a separate, identifiable and self-financing entity and its niche as a provider of project services without substantive mandate, UNOPS should give priority to partnerships with the United Nations system organizations and should actively seek, identify and use the expertise in these organizations.

12. The objectives of this recommendation are fully shared within the United Nations system. UNOPS will continue to build on the efforts it has already made in this respect. These include obtaining specialized inputs from United Nations agencies, such as is done within more than 15 countries currently in the area of local economic development, and wider use of the "retainer agreements" that have been developed for use in inter-agency partnerships.

13. Conversely, in relation to projects that come within the purview of the substantive mandate of the organizations of the system, advantage will be taken, whenever appropriate, of special expertise developed by UNOPS, particularly in areas of procurement and loan administration. In general, early consultations between UNOPS and the specialized agencies on all technical cooperation matters of common concern should be strengthened. Such early consultations would not only serve to avoid duplication of effort, facilitate coordination and contribute to greater efficiency in the use of scarce resources, but would also help ensure that practical experience gained from hands-on project implementation becomes available to all those involved in programme/project design and planning.

14. Members of the Administrative Committee on Coordination stand ready to collaborate further with UNOPS on a mutually acceptable basis to address issues raised in this recommendation and achieve workable solutions.

2. The United Nations Office for Project Services should further intensify its efforts to diversify its sources of income and its clients.

15. This recommendation is fully in line with present policies and practices. Diversification of sources of income and clients has been an essential element of every UNOPS business plan and will remain a crucial part of both short- and long-term planning. It should be noted that this objective has also been strongly endorsed at a UNOPS senior management retreat held earlier this year.

3. Further possible decentralization of offices should continue to pass the tests of assuring a critical mass of projects in a designated area sufficient to be self-financing. In this connection, UNOPS has to address the problems and issues raised in A.5 above [A/53/788], especially with regard to coordination and communication among the different decentralized offices and Headquarters.

16. All UNOPS decentralized entities are examined by the Office as part of its annual business planning process, to ensure, *inter alia*, that they remain fully self-financing. Ad hoc evaluations are carried out from time to time as circumstances warrant. Communication and coordination issues have been examined in detail via a recently completed survey. A working group will be convened later in the year to pursue specific recommendations emanating from the survey.

17. Special reference should also be made in this context to the opening of a UNOPS regional office at the headquarters of the Food and Agriculture Organization of the United Nations on 20 April 1999. The Food and Agriculture Organization of the United Nations has agreed to provide office space to UNOPS under a broad cooperation agreement signed between the two organizations earlier in the year. The Rome office is the latest in a series of decentralized offices and outposts established by UNOPS over the last five years aimed at facilitating interaction with its clients.

4. **The United Nations Office for Project Services should continue to take advantage of the UNDP field network and avail itself primarily of the administrative and financial services rendered by UNDP, provided it is satisfied that the services it gets are cost-effective.**

18. This recommendation underscores the point made by the Secretary-General at the time of the establishment of UNOPS, and reiterated by the Advisory Committee on Administrative and Budgetary Questions, that UNOPS should utilize the UNDP administrative and financial services as well as its field network as much as possible. UNOPS agrees both that it is logical to continue using UNDP-provided administrative services and that such use should be contingent on their cost-effectiveness.

5. **The Executive Director should formulate a policy for a concerted and sustainable effort by UNOPS to achieve more equitable distribution among sources of procurement and contracting for goods and services, including services of consulting**

firms and consultants, with special attention given to sources from developing countries, countries with economies in transition and major underutilized donor countries. Over and above what is provided in its Web site, which may not be readily available, especially to a great number of developing countries, UNOPS should:

- (i) Issue on a periodical and timely basis a list of required equipment, goods and services;
- (ii) Plan customized training workshops for representatives of developing countries on procurement;
- (iii) Collect and update information of available goods and equipment as well as consulting firms and consultants from developing countries.

19. The United Nations Office for Project Services is in agreement with the intent of these recommendations, which is to "achieve more equitable distribution among sources of procurement and contracting" for goods and services. The issue was also raised by some delegations at the meeting of the Executive Board in 1998 and UNOPS has committed itself to making more progress in this regard. The specific recommendations made by the Joint Inspection Unit will be drawn upon in pursuing the range of options currently under consideration by UNOPS to broaden participation in its procurement and contracting activities. It should be noted, however, that UNOPS is also required to obtain best value for all of its clients, which places some practical limitations on the scope UNOPS has to pursue this objective, particularly in view of the highly specialized nature of goods and services procured. Furthermore, goods procurement actions requested of UNOPS are increasingly those that remain after local procurement alternatives through national execution have been exhausted. The same holds true when direct execution by country offices prevails. In obtaining services of companies and individuals, however, where there is normally more flexibility, upward movements were recorded in 1998 (see DP/1999/22/Add.1).

B. Recommendations addressed to United Nations organizations and agencies

- 1. **The Secretary-General of the United Nations:**
 - (a) Should consider the discontinuation of the Management Coordination Committee (MCC), which, having served its purpose in the transitional

period, is now, as expressed by the Advisory Committee on Administrative and Budgetary Questions, an unnecessary layer of management, especially since the Executive Director reports directly to the Executive Board which exercises oversight functions.

20. The Management Coordination Committee, to which UNOPS reports directly, is chaired by the Administrator of UNDP and includes as its members the Under-Secretary-General of the Department of Management and the Under-Secretary-General of the Department for Economic and Social Affairs. The Executive Director of UNOPS serves as Secretary to the Management Coordination Committee. It is the considered view of the United Nations that it is not correct to characterize the Committee as "an unnecessary management layer", and that the comment of the Advisory Committee on which the inspectors have based their recommendation does not reflect the role that the Committee now plays. In particular, the roles that the Committee and the Executive Board play are complementary but totally distinct.

21. The Management Coordination Committee acts as a management steering committee for the operations of UNOPS. This is an important role, given the complex United Nations environment in which UNOPS operates, with several major operational clients, systems and interfaces. The Committee has been instrumental in guiding the transformation of UNOPS into a separate, service-oriented entity within the United Nations — an institutional development that the inspectors have acknowledged as a positive one. In pursuing this management oversight role, the Committee expects to continue to add value to UNOPS operations. However, such an "oversight" is purely managerial and relates exclusively to operational matters. It is distinct from the intergovernmental policy oversight role that is properly the function of the Executive Board and provides the policy framework within which UNOPS and its Management Committee function.

(b) Should, in close cooperation with UNOPS, propose and put into effect modalities for the timely transfer of funds to UNOPS as had been recommended by the Executive Board.

22. These issues raised in this recommendation are being addressed in the United Nations Controller's Office and are expected to be satisfactorily resolved.

2. The Secretary-General, as Chairman of the Administrative Committee on Coordination, drawing on the suggestions in chapter III and, in particular, paragraphs 109 to 116 [of A/53/788],

should issue a report to the fifty-fifth session of the United Nations General Assembly on specific measures for enhancing cooperation between the United Nations system organizations and UNOPS, reflecting a more effective division of labour by making better use of the United Nations system organizations, including their substantive and technical expertise, and UNOPS as a provider of project services.

23. The Secretary-General will make the necessary arrangements for the preparation of a report along the lines suggested above for submission to the fifty-fifth session of the General Assembly if so requested by the Assembly following its consideration of the report of the Joint Inspection Unit and the present report.

C. Recommendations addressed to the Executive Board

1. The Executive Board should assign a separate segment of its sessions for UNOPS in order to: (a) give Member countries more opportunity to deliberate on UNOPS activities; and (b) increase its acceptability to other United Nations organizations and agencies as a partner for servicing projects by strengthening its character as a separate and identifiable entity no longer directly managed by UNDP and the United Nations Secretariat.

24. The Executive Director of UNOPS has made the necessary arrangements to bring the report of the Joint Inspection Unit to the attention of the Executive Board at its annual session 1999. The recommendation of the Joint Inspection Unit that the Executive Board assign a separate segment of its sessions to consideration of UNOPS is consistent with the proposals put forward by the Secretary-General in document DP/1994/52 and merits consideration by the Executive Board.

2. The interaction between UNOPS and other United Nations system organizations, which is the main *raison d'être* behind the creation of the Users Advisory Group, should continue in a different form. The Board should discontinue the Users Advisory Group and recommend that the Secretary-General, in his capacity as Chairman of the Administrative Committee on Coordination, invite UNOPS to serve as a member of the Consultative Committee on Programme and Operational Questions in addition to its present

membership in the Consultative Committee on Administrative Questions (Financial and Budgetary Questions). This will ensure interaction between UNOPS and the United Nations system organizations in a more cost-effective manner. The Executive Director of UNOPS may participate, when needed, in meetings of the Administrative Committee on Coordination.

25. The Consultative Committee on Programme and Operational Questions and the Consultative Committee on Administrative Questions (Financial and Budgetary Questions) are forums for inter-agency consultations and serve to enhance the system's common agenda. In addition to its membership in the Consultative Committee on Administrative Questions (Financial and Budgetary Questions), UNOPS participates in sessions of the Consultative Committee on Programme and Operational Questions and has become a major contributor to the work of the Committee. It is also a member of the Information Systems Coordination Committee. These inter-agency bodies, however, could not readily be a substitute for the Users Advisory Group, as they do not provide for a "bilateral" dialogue between UNOPS and its clients, which is the main *raison d'être* of the Group. The Users Advisory Group should not be seen as a body for inter-agency coordination, but rather as a mechanism to assist the Executive Director of UNOPS to carry out his functions. The Group was conceived to function as part of the process of consultations on specific operational issues to be identified by UNOPS or one of its partner organizations, including, where necessary, organizations outside the United Nations system that are specifically relevant to the problem and who can make a meaningful contribution to its solution. The work of the Users Advisory Group is based on the need to resolve specific issues and is time-bound.

26. The United Nations Office for Project Services will continue participating in the subsidiary bodies of ACC, including those mentioned in the preceding paragraph. If policy issues considered in those bodies affecting UNOPS are referred to ACC, then UNOPS will be invited to participate in the relevant discussions.

D. Recommendations on impact and reform

1. UNOPS should make its experience in adapting practices and procedures and to developing different approaches, procedures and methodologies for different circumstances, especially in emergency situations, more

transparent and available for sharing with other United Nations organizations for possible application in their respective activities.

27. UNOPS participates actively in the Secretary-General's various common services initiatives. In addition, it participates in and at times conducts seminars and workshops aimed at sharing lessons learned. UNOPS has also arranged to have its management and reform processes studied by an outside independent management consultant. This study, which examines ways in which UNOPS has, and has not, succeeded in adapting itself to its changed circumstances will result in a monograph soon to be published. It is expected that this work will be of use to other United Nations organizations undergoing similar programmes of reform. With regard to the continuous refinement of methodologies that result from the work of UNOPS in some 20 countries in post-conflict situations, the UNOPS Rehabilitation and Social Sustainability Unit (RESS) distributes a periodic publication entitled "RESS Approach". These practices will be further strengthened in the future.

2. UNOPS should share its experiences in the area of procurement, particularly its "dedicated procurement regime" and risk management policy, with other United Nations system organizations with a view towards contributing to more cost-effective procurement by them.

28. UNOPS chaired the Secretary-General's common services working group on procurement when it was established. UNOPS welcomes the participation of staff from other United Nations agencies at its training courses on procurement and contracting related matters and there have been several instances where this has occurred. It is the intention of the management of UNOPS to pursue this type of sharing.

29. In turn, the experience of other United Nations system organizations in procurement-related areas connected with these areas of specialization will be shared by UNOPS. Beyond the sharing of experience, operational collaboration takes place whenever deemed useful. For example, the United Nations Population Fund has assisted UNOPS with the procurement of contraceptives and related products while the Fund has asked UNOPS to execute contracts and services in areas in which UNOPS had special expertise.

30. Within the context of the Secretary-General's reform, UNOPS is a full member in the United Nations Development Group and participates in the deliberations and activities of that Group and in those of its sub-groups, including in meetings of the Sub-Group on Common Premises and

Services where important issues such as the cost-effectiveness of services are discussed.

Notes

- ¹ UNDP entered into a partnership agreement with UNOPS through a Memorandum of Understanding in April 1997. In this framework, UNDP is currently evaluating its relationship with UNOPS and expects the results of this evaluation to be available by October 1999.
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